



## A STUDY OF FACTORS INFLUENCING THE EASY PROMOTION OF TEA MARKETING BY SINGLE AGENT RESPONDENTS

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### Abstract

Numerous factors are responsible for marketing tea in Tamil Nadu. This paper reveals that out of fifty Seven factors were extracted namely “Packaging” “Selling” “Research” “Demand Creation” “Transporting” “Pricing” “Financing” “Assembling” “Negotiation” “Risk Bearing” “Grading and Standardization” “Storage and Warehousing”. All the attributes are formed under each factor had high associations. High value of Kaiser-Meyer-Olkin measure of sampling adequacy (0.79) indicates the correlation between the pairs at variables explained by other variables and thus factor analysis was considered to be appropriate in this model. The researcher carried out the factor analysis and made an attempt to extract specific factors and to define variables which constitute each factor based on the strength and direction of factor loading in the decision making process of marketing tea.

**Keywords:** Tea Marketing, Single Agent.

### Introduction

Agriculture is the mainstay of Indian economy because of its high share in employment and livelihood creation notwithstanding its reduced contribution to the nation's GDP. The share of agriculture in the Gross Domestic Product has registered a steady decline from 36.4 per cent in 1982-83 to 18.5 per cent in 2006-2007 and increased to 22.1 per cent in 2013. Yet this sector continues to support more than half a billion people providing employment to 52 per cent of the workforce. It is also an important source of raw material and demand for many industrial products particularly fertilizers, pesticides, agricultural implements and a variety of consumer goods. Growth of agriculture over a period of time remained lower than the growth in non – agriculture sectors and this decelerating trend is a cause for concern. Since 1981-82 the gap between the growth of agriculture and non-agriculture sectors has began to widen, and more particularly since 1996-97 because of an acceleration in the growth of industry and services sectors. The performance of the agricultural sector influences the growth of the Indian economy. Agriculture (including allied activities) accounted for 20.4 per cent of the Gross Domestic Product (GDP) at constant prices in 2012 – 2013 as compared to 21.7 per cent in 2003- 2004<sup>1</sup>. The saga of development of tea in India is fascinating. Tea was reported to be growing in India in the early 19<sup>th</sup> century. The search for tea in Assam was started by the East India Company as an alternative source of supply to United Kingdom which until then was mainly dependent on China. With the emphasis on indigenous tea in Assam, the first commercial effort in organized tea cultivation was started by Assam tea Company in 1839. Tea plants sent from Calcutta Botanical gardens were reported to be grown in Nilgiris district in Tamil Nadu in 1839 but was cultivated on a commercial scale by 1853. The total area under tea in the country increased from 0.3 million hectares during 1960-61 to 0.5 million hectares during 2003-04 and the production which was 300 million kgs during 1960-61 has increased to 850.5 million kgs during 2003-04 (Economic Survey, 2004-05). India accounts for about 28 per cent of the global production of tea.

### Statement of the Problem

From a modest beginning in 1839, India today is the largest tea producing country in the world producing about 8,70,000 tons of black tea in 1998. About 4,32,000 hectares of land was under tea cultivation. Northeast India produced a wider variety of tea than any other growing area in the world. India had over 300 major tea companies and had over 12,000 large tea estates. Overall, India accounted for 1,300 Tea factories and 37,000 of large and small estates.

Tea is cultivated mainly in the northern region of India, Bengal's Darjeeling, and Dooars, Assam and Cachar. In the south, Tea is grown in Tamil Nadu and Kerala's hilly western Ghat region. Assam valley produces the highest share of 46 per cent and Dooars produces 17 per cent in the South, Nilgiris of Tamil Nadu produces 14 per cent. Over 80 per cent of tea manufactured in India is of CTC tea and average Orthodox tea production is 13 per cent<sup>2</sup>.

However, though the demand for tea has been on the increase in India. The Government of India has not been taking adequate steps to promote the Tea Industry. The existing producers also are facing numerous problems regarding production and marketing of Tea. What are the factors influencing the easy promotion of tea marketing by single agent respondents?

### Review of Literature

Krishnan in his study entitled “Tea Exports Regaining lost Markets” observed that the change in consumption pattern. Increase in production cost and high price made tea less competitive in the export market. Importing tea for re- exporting and blending of imported tea with Indian tea and the like are some of the options for promoting exports from India. The Indian Tea Board has been working in this line<sup>25</sup>.

Nair in his study entitled “The Socio – Economic Conditions of Labourers” examined the socio-economic conditions of labourers in the Ponnudi Tea estate, a unit which has remained closed since 1973. He made a case study of this unit to highlight the fate of workers in a sinking factory. The employees were continuing in the factory because of the single reason that they had no other option. They were virtually suffering from poverty as a result of unemployment<sup>41</sup>.

Raman in his study entitled “A Study of the Distribution Channels of AVT Premium Tea” studied the marketing channels of tea by evaluating the marketing system of AVT premium tea. In India distribution and marketing of tea is a difficult task because tea plantation industrial units are located in remote areas. Tea is available in market in the form of loose tea and packet tea. Loose tea gives flexibility to consumer and it is cheaper than packet tea, so the business of loose tea is going up. But the advantage of packet tea is that it provides uniform taste through proper blending. The marketing channels might be identified at three levels. At the first level the product comes for auctions wherein the wholesalers come for bidding. At the second level, the wholesalers packet (or in loose form) tea and distribute among sub- dealers/retailers. The retailers distribute tea to the consumers it at the third level. Many tea plantation companies packet their products directly and market under their brand name<sup>49</sup>.

**Objectives of the Study:**To analyse the factors influencing the easy promotion of tea marketing by single agent respondents.

### Sampling Design

Tea is grown in Tamil Nadu as 0.57 per cent in Kanyakumari (433 ha) 1.1 per cent in Tinneveli (800 ha) 1.3 per cent in Madurai (Theni district) (973 ha) 15.53 per cent in Anamallais (11740 ha) and 81.56 per cent, that is a major share in the Nilgiris including Gudalore (61700 ha). As the Nilgiris has vast area of Tea cultivation, it is selected for the study. There are more than 2000 producers of tea in the Nilgiris. They prefer different channels for tea sales. Among the different channels applied by them a majority of 70 per cent producers are following direct sales, single agent and other means methods. In social science research, a sample size of 300 to 400 is found adequate to obtain meaningful inferences and hence in the present study, the sample size is confined to 370 respondents. Three hundred and seventy respondents covering 145 direct sales respondents, 120 respondents who sell through single agent and 105 respondents following other means of sales were selected for the study by applying random sample technique. Tippet random sampling numbers were used for selection of respondents. Thereby data were collected from 370 respondents. Information collected from 20 respondents were found to be inadequate and insufficient and hence the effective sample size was fixed as 350. It includes 140 direct sales respondents, 110 single agent respondents and 100 other means respondents.

### Tools

Mathematically, factor analysis is somewhat similar to multiple regression analysis. Each variable is expressed as a linear combination of under-lying factors. The amount of variance, a variable share with all the other variables included in the analysis is referred to as commonality. The co-variation among the variables is described in terms of a small number of common factors plus a unique factor for each variable. These factors are not observed. If the variables are standardised, the factor model may be represented as:

$$X_i = A_{i1}F_1 + A_{i2}F_2 + A_{i3}F_3 + \dots + A_{im}F_m + V_i U_i$$

Where,

$X_i$  =  $i^{\text{th}}$  standardised variable

$A_{ij}$  = Standardised multiple regression co-efficient of Variable I on common factor j

F = Common factor

$V_i$  = Standardised regression co-efficient of variable I on unique factor

$U_i$  = The Unique factor for variable i

M = Number of common factor

The unique factors are uncorrelated with each other and the common factors themselves can be expressed as linear combinations of the observed variables.

$$F_i = W_{i1}X_1 + W_{i2}X_2 + W_{i3}X_3 + \dots + W_{ik}X_k$$

Where,

- $F_i$  = Estimate of  $i^{\text{th}}$  factor score co-efficient  
 $W_i$  = Weight of factor score co-efficient  
 $K$  = Number of variables

It is possible to select a weight or factor score co-efficient, so that the first factor explains the largest portion of the total variance. Then a second set of weights can be selected so that the second factor accounts for most of the residual variance, subject to being uncorrelated with the first factor. The same principle could be applied for selecting additional weights for the additional factors. Thus the factors can be estimated so that their factor scores, unlike the value of the original value, are not correlated. Furthermore, the first factor accounts for the highest variance in the data, the second highest and so on.

**Results and Discussion :** There are Fifty six variable exacted into twelve factors.

**Table 1: The Selected Variables Relating to Single Agent**

Sl. No	Variable	Factor Loadings	Communalities
<b>I Packaging</b>			
1.	Packaging is one among the activities of designing and producing the container or wrapper for a product	0.803	0.732
2.	Consumers are willing to pay a little more for conveniences, appearance, dependability and prestige of better packages	0.712	0.552
3.	To enjoy a distinctive attraction, there must be a good brand and packaging	0.649	0.570
4.	Innovative packaging can bring large benefits to consumers and profit to producers	0.531	0.665
5.	Package prevents breakage	0.527	0.604
6.	Buyers depend on the package label in understanding the product in the package	0.340	0.636
<b>II Research</b>			
7.	It is concerned with the investigation and measurement of market demand	0.764	0.832
8.	Research gets the facts needed to solve a problem	0.725	0.728
9.	It helps in solving problems	0.718	0.602
10.	It is used in wider scope and greater importance and includes market research	0.594	0.484
11.	Research is solely concerned with the collection of Information about the market	0.495	0.607
12.	It is necessary for a producer or manufacturer to possess and accurate information	0.416	0.608
<b>III Pricing</b>			
13	A good price policy is of great importance to the producers,	0.709	0.595

	wholesalers and the consumers		
14	Sound pricing policy must be adopted to have a maximum sales revenue	0.612	0.545
15	The seller may demand a higher price than expected and the buyer may offer price less than the expected one	0.563	0.555
16	The price is greatly affected or influenced for future production and marketing	0.518	0.400
17	The market price of a product influences wages, rent, interest and profits	0.503	0.539
18	Price is a primary sources of revenue which all firms try to maximize by expanding markets	0.394	0.556
<b>IV Risk bearing</b>			
19.	Risks are involved at almost all stages in the process of marketing	0.723	0.654
20.	Risk is possible due to reasons like changes in demand and supply conditions	0.676	0.608
21.	The successful business man is one who takes a calculated risk	0.630	0.617
22.	Risks that may arise in future, he can avoid or at least minimize risk	0.480	0.544
<b>V Assembling</b>			
23.	Assembling is helpful to the producers and life consumers	0.731	0.692
24.	Assembling seasonal availability of goods	0.697	0.598
25.	Assembling commission agents also perform the assembling function	0.545	0.552
26.	Assembling provides the economics of large scale handling	0.506	0.423
27.	Manufacturers have their agencies for assembling	0.433	0.450
<b>VI Negotiation</b>			
28	The buyer and seller determines the terms and conditions of sale	0.713	0.601
29	The period of settlement depends upon the nature of transaction	0.636	0.529
30	Buyers invest money on the produce he must get maximum benefit from his investment	0.435	0.467
<b>VII Storage and Warehousing</b>			
31	Storage brings an adjustment storage plays its role by giving weight to the time factor	0.699	0.603
32	Storage the types of goods are demanded seasonally and their production is uniform	0.614	0.649

33	Storage is necessary to store raw materials	0.398	0.382
34	Storage continuous sales can be effected because of the storage facility	0.377	0.487
<b>VII Grading and Standardization</b>			
35	To standardize is to determine or fix basis, limited to classes of product	0.615	0.616
36	A standard carries the idea of uniformity manufactured goods are standardized in the process of production	0.609	0.455
37	Standard determines the quality and grading fixed grading refers to sorting out of goods on the basis of standards	0.579	0.496
38	Variable grading refers to varying standards for goods from year to year	0.487	0.592
<b>IX Financing</b>			
39	Finance is the most fundamental aspect for any merchandise transaction	0.715	0.602
40	Finance is the study of methods of obtain money and credit	0.702	0.641
41	Financing is the act of providing money and credit. Ownership capital is limited	0.576	0.685
42	Finance is the life blood of the economic commercial and industrial undertakings	0.405	0.626
<b>X Selling</b>			
43	Selling is the heart of the marketing task	0.702	0.554
44	Selling is transfer of ownership of good or services to a buyer in exchange for money	0.483	0.490
45	Selling function plays an important role in the process of marketing	0.404	0.525
46	Without selling there is no buying	0.374	0.647
47	Successful selling depends on intelligent buying and efficient merchandising		
<b>XI Transporting</b>			
48	Transportation is the key link between the production and other marketing functions	0.777	0.720
49	An adequate and efficient transportation system is a corner-stone of modern marketing	0.660	0.623
50	Transportation extends the existing market and creates new market	0.474	0.513
51	Transport facilitates regional and geographical concentration	0.371	0.392

52	Transportation provides employment opportunities to skilled and unskilled workers		
<b>XII Demand Creation</b>			
53	Marketing management is trying to convert demand from no demand to positive demand	0.847	0.887
54	The latent demand is converted into actual demand	0.839	0.735
55	Irregular demand may be converted into regular demand and this process	0.764	0.672
56	Organization face full demand for their products	0.629	0.744
57	The management faces the marketing risk and tries to find ways to reduce the demand	0.543	0.422

**Sources: Computed Data**

With regard to the factor, packaging, the variables like ‘Packaging is one among the activities of designing and producing the container or wrapper for a product’ and ‘Consumers are willing to pay a little more for conveniences, appearance, dependability and prestige of better packages’ were the first and second highest factors with the loading of 0.803 and 0.712 respectively and a high communality of 0.735 and 0.552 respectively. The variable ‘Buyers depend on the package label in understanding the product in the package’ was the least factor with the loading of 0.340 and a low communality of 0.636.

Regarding the factor, research, the variables like ‘It is concerned with the investigation and measurement of market demand’ and ‘Research gets the facts needed to solve a problem’ were the first and second highest factors with the loading of 0.764 and 0.725 respectively and a high communality of 0.832 and 0.728 respectively. The variable ‘It is necessary for a producer or manufacturer to possess and accurate information’ was the least factor with the loading of 0.416 and a low communality of 0.608.

As for as the factor, pricing is concerned, the variables like ‘A good price policy is of great importance to the producers, wholesalers and the consumers’ and ‘Sound pricing policy must be adopted to have a maximum sales revenue’ were the first and second highest factors with the loading of 0.709 and 0.612 respectively and a high communality of 0.595 and 0.545 respectively. The variable ‘Price is a primary sources of revenue which all firms try to maximize by expanding markets’ was the least factor with the loading of 0.394 and a low communality of 0.556.

With regard to the factor, risk bearing, the variables like ‘Risks are involved at almost all stages in the process of marketing’ and ‘Risk is possible due to reasons like changes in demand and supply conditions’ were the first and second highest factors with the loading of 0.723 and 0.676 respectively and a high communality of 0.654 and 0.608 respectively. The variable ‘Risks may arise in future’ was the least factor with the loading of 0.480 and a low communality of 0.544.

When we take into the factor, assembling, the variables like ‘Assembling is helpful to the producers and life consumers’ and ‘Assembling seasonal availability of goods’ were the first and second highest factors with the loading of 0.731 and 0.697 respectively and a high communality of 0.692 and 0.598 respectively. The variable ‘Manufacturers have their agencies for assembling’ was the least factor with the loading of 0.433 and a low communality of 0.450.

With regard to the factor, negotiation, the variables like ‘The buyer and seller determines the terms and conditions of sale’ and ‘The period of settlement depends upon the nature of transaction’ were the first and second highest factors with the loading of 0.713 and 0.636 respectively and a high communality of 0.605 and 0.529 respectively. The variable ‘Buyers invest money on the produce he must get maximum benefit from his investment’ was the least factor with the loading of 0.435 and a low communality of 0.467.

With regard to the factor, storage and warehousing, the variables like ‘Storage brings an adjustment storage plays its role by giving weight to the time factor’ and ‘Storage the types of goods are demanded seasonally and their production is uniform’ were the first and second highest factors with the loading of 0.699 and 0.614 respectively and a high communality of 0.603

and 0.649 respectively. The variable 'Storage continuous sales can be effected because of the storage facility' was the least factor with the loading of 0.377 and a low communality of 0.487.

With regard to the factor, grading and standardization, the variables like 'To standardize is to determine or fix basis, limited to classes of product' and 'A standard carries the idea of uniformity manufactured goods are standardized in the process of production' were the first and second highest factors with the loading of 0.615 and 0.609 respectively and a high communality of 0.616 and 0.455 respectively. The variable 'Standard determines the quality and grading fixed grading refers to sorting out of goods on the basis of standards' was the least factor with the loading of 0.487 and a low communality of 0.592.

With regard to the factor, financing, the variables like 'Finance is the most fundamental aspect for any merchandise transaction' and 'Finance is the study of methods of obtain money and credit' were the first and second highest factors with the loading of 0.715 and 0.702 respectively and a high communality of 0.602 and 0.641 respectively. The variable 'Finance is the life blood of the economic commercial and industrial undertakings' was the least factor with the loading of 0.405 and a low communality of 0.626.

As for as the factor, selling is concerned, the variables like 'Selling is the heart of the marketing task' and 'Selling is transfer of ownership of good or services to a buyer in exchange for money' were the first and second highest factors with the loading of 0.702 and 0.483 respectively and a high communality of 0.554 and 0.490 respectively. The variable 'Successful selling depends on intelligent buying and efficient merchandising' was the least factor with the loading of 0.361 and a low communality of 0.590.

Regarding the factor, transportation, the variables like 'Transportation is the key link between the production and other marketing functions' and 'An adequate and efficient transportation system is a corner-stone of modern marketing' were the first and second highest factors with the loading of 0.777 and 0.660 respectively and a high communality of 0.720 and 0.623 respectively. The variable 'Transportation provides employment opportunities to skilled and unskilled workers' was the least factor with the loading of 0.384 and a low communality of 0.390.

As for as the factor, demand creation is concerned, the variables like 'Marketing management is trying to convert demand from no demand to positive demand' and 'The latent demand is converted into actual demand' were the first and second highest factors with the loading of 0.847 and 0.839 respectively and a high communality of 0.887 and 0.735 respectively. The variable 'The management faces the marketing risk and tries to find ways to reduce the demand' was the least factor with the loading of 0.543 and a low communality of 0.422.

#### Factors Responsible for Easy Promotion of Tea Marketing by Single Agent Respondents

The factor analysis of the fifty Seven attributes relating to the easy promotion of Tea by the single agent respondents has been identified with twelve factors and the results are presented in Table 2

**Table 2 : Expectation Factors by the Respondents of Single Agent**

Sl. No	Factor	Eigen Value	Percentage of Variance	Cumulative Percentage of Variance
1.	Packaging	4.391	7.7	7.7
2.	Selling	4.313	7.6	15.3
3.	Research	3.502	6.1	21.4
4.	Demand Creation	2.886	5.1	26.5
5.	Transporting	2.662	4.7	31.2
6.	Pricing	2.621	4.6	35.8
7.	Financing	2.390	4.2	39.9
8.	Assembling	2.316	4.1	44.0

9.	Negotiation	2.119	3.7	47.7
10.	Risk Bearing	2.036	3.6	51.3
11.	Grading and Standardization	1.949	3.4	54.7
12.	Storage and Warehousing	1.722	3.0	57.7

Source: Computed data

Kaiser-Meyer-Olkin measures of sampling adequacy	=	0.7962
Bartlett's Test of Sphericity: Chi-Square	=	3975
Degrees of freedom	=	347
Significance	=	0000

It is observed from Table 4.17 that the twelve factors were extracted out of the forty two attributes. These factors account for about 65.5 per cent of the variance in the data. The Eigen value for the first factor 'Packaging' is 5.627, which indicates that the factor contains much higher information than the other factors. The first factor, 'Packaging' provides the maximum insights into the factors by the direct sales respondents in the study area. The last factor storage and ware housing has provided the lowest insights into the factors by the respondents of direct sales.

It is a very important factor because the respondents have good expectations. High value of Kaiser-Mayer-Oklin (KMO) test of sampling adequacy (0.6795) indicates the correlation between the pairs of variables explained by other variables and thus factor analysis is considered to be appropriate in this model.

### Conclusion

Nowadays the habit of consuming tea by people of every category has become a common feature. So the government has to extend its help to the tea producers in respect of price, fixation and grading subsidies. The government can take earnest steps to provide more infrastructure facilities to the tea producers. Good manure and latest weeding machines can also be supplied to the producers so as to reduce the cost of production and enhance the standard of living of the tea producers.

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